

# City Manager's FY2018 Recommended Budget

Wilmington City Council  
May 2, 2017

# Objectives

- Present FY18 Recommend Budget
  - Revenues and Expenditures
- Provide Budget Highlights
  - Safe Community/Youth Violence Reduction
  - Infrastructure Maintenance
  - Affordable Housing
  - Economic Development Support

# Budget Calendar

- Formal Budget Submission to City Council May 2
- Public Hearing on Budget May 16
- City Council Budget Work Session May 26
- Budget Adoption at City Council Meeting Jun 6 & 20

# Balanced Budget

- Strategies
  - No property tax rate change for basic general fund operations
  - Modestly aggressive revenue estimates in sales tax
  - Strategic use of fund balance for one-time CIP projects
  - Continue core services with limited additions
  - Prioritization of any requested enhancements based on the city's key strategic priorities

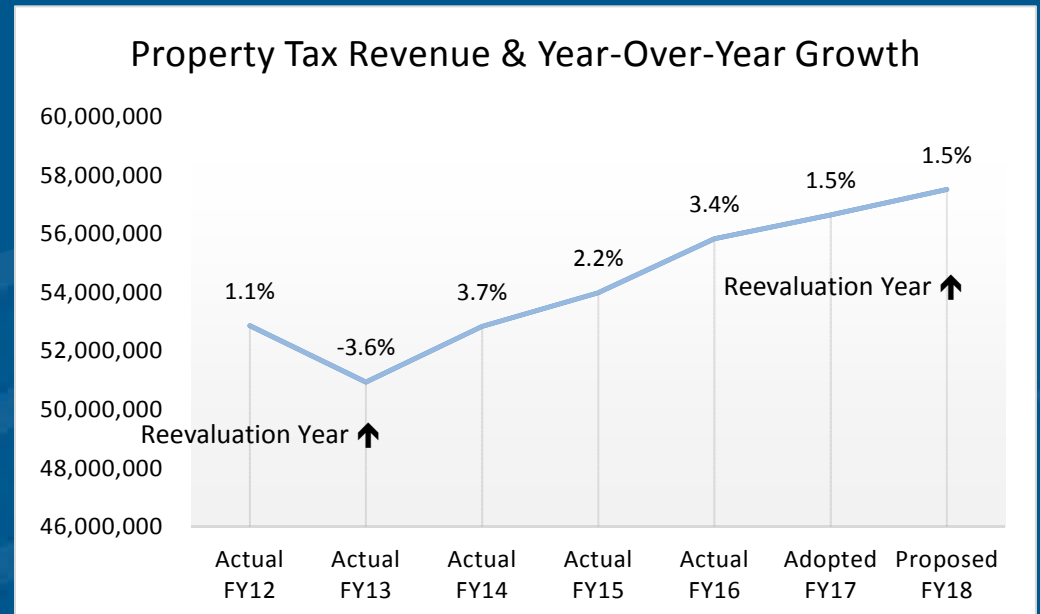
# FY18 Budget Priorities

1. Strategic Plan Initiatives to include:
  - Community policing & youth violence reduction
  - Workforce/Affordable housing
  - Core infrastructure maintenance
2. Maintaining current services at current levels
3. Infrastructure Maintenance:
  - 80/20 Capital Improvement Plans (1<sup>st</sup> & 2<sup>nd</sup>)
  - Transportation Bond projects
  - Parks Bond projects

# General Fund Revenue/Expenditure Forecast

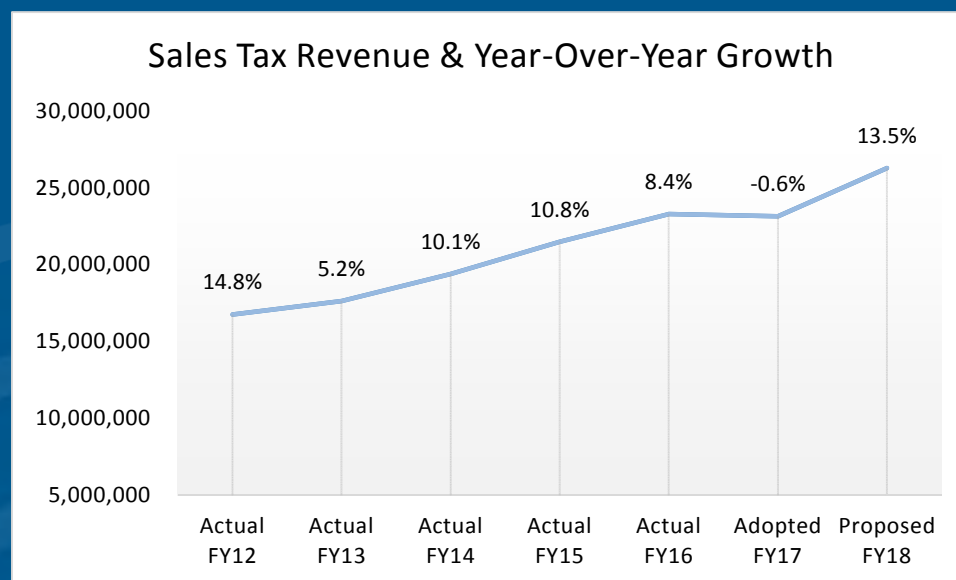
# FY18 Revenue Forecast Assumptions

- Property Tax:
  - 1.5% growth over FY17 Adopted
  - 3% over FY16 Actuals
  - 1.3% growth out-years



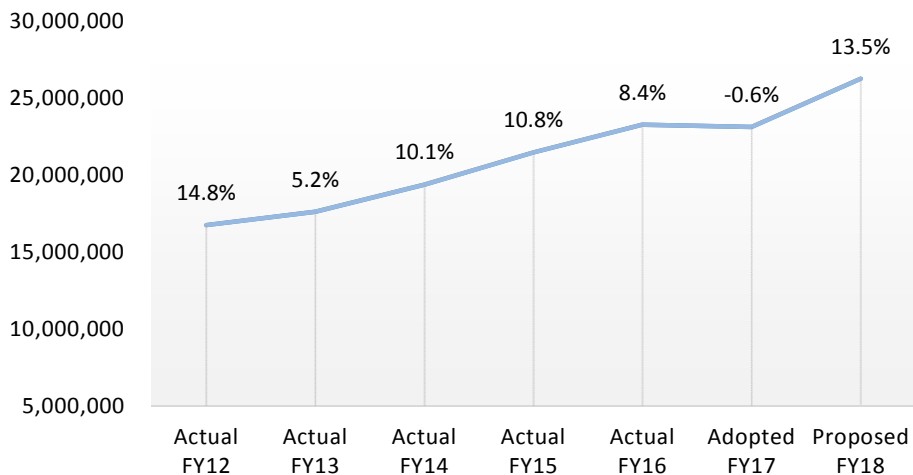
# FY18 Revenue Forecast Assumptions

- Sales Tax:
  - 13.5% growth over FY17 Adopted
  - 12.8% over FY16 Actuals
  - 5% growth out-years





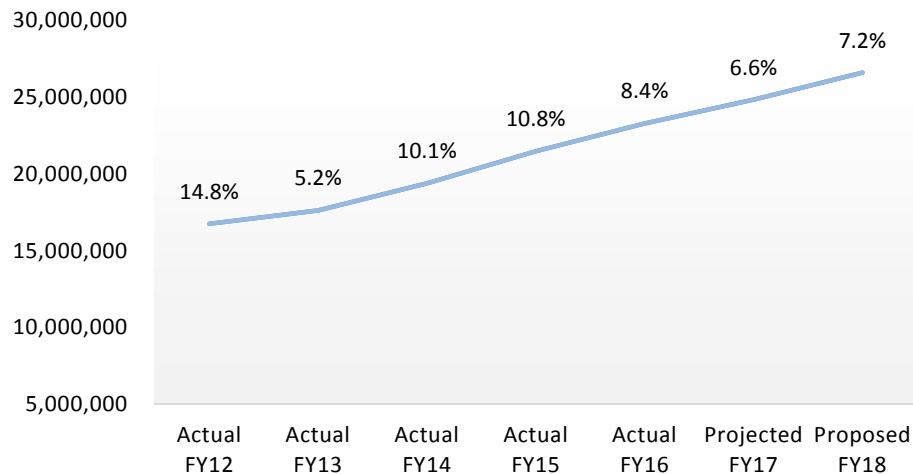
Sales Tax Revenue & Year-Over-Year Growth



Provides a trend line with actuals as well as Adopted FY17

Provides a trend line with actuals as well as Project Year End FY17\*

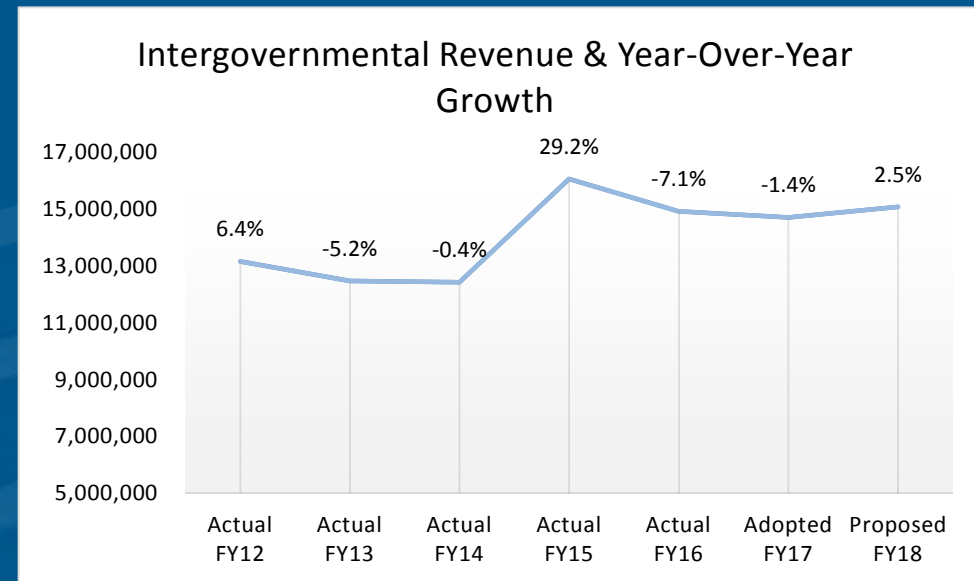
Sales Tax Revenue & Year-Over-Year Growth



\*Does not include earnings from Wells Fargo Golf Tournament

# FY18 Revenue Forecast Assumptions

- Intergovernmental revenues:
  - 2.5% growth over FY17 Adopted
  - 1% growth over FY16's Actuals
  - 1.3% growth out-years



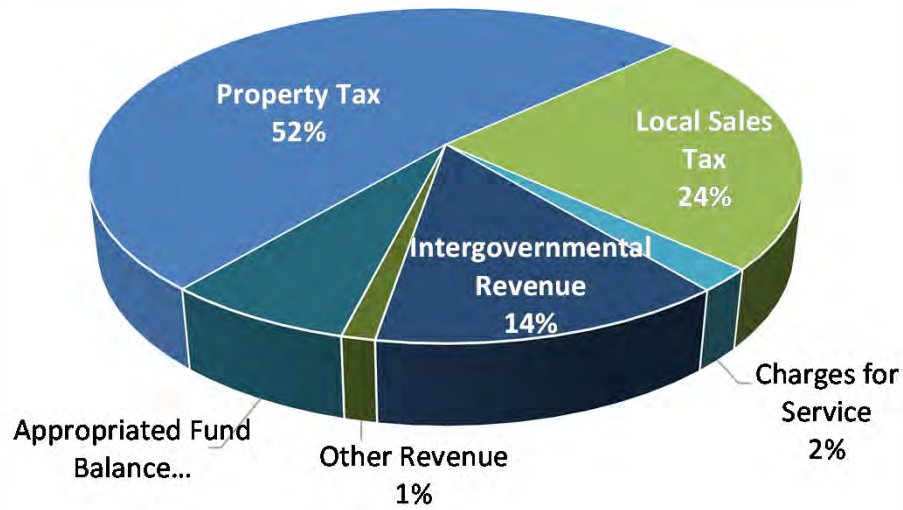
# Balanced Budget

- Assumptions
  - No property tax rate adjustment for general fund operations
  - Provided a 3% compensation increase for our workforce
  - Incorporated a health insurance increase of \$1M city-wide
  - Continued core services with limited additions
  - Funded areas in the strategic plan

# General Fund Forecast

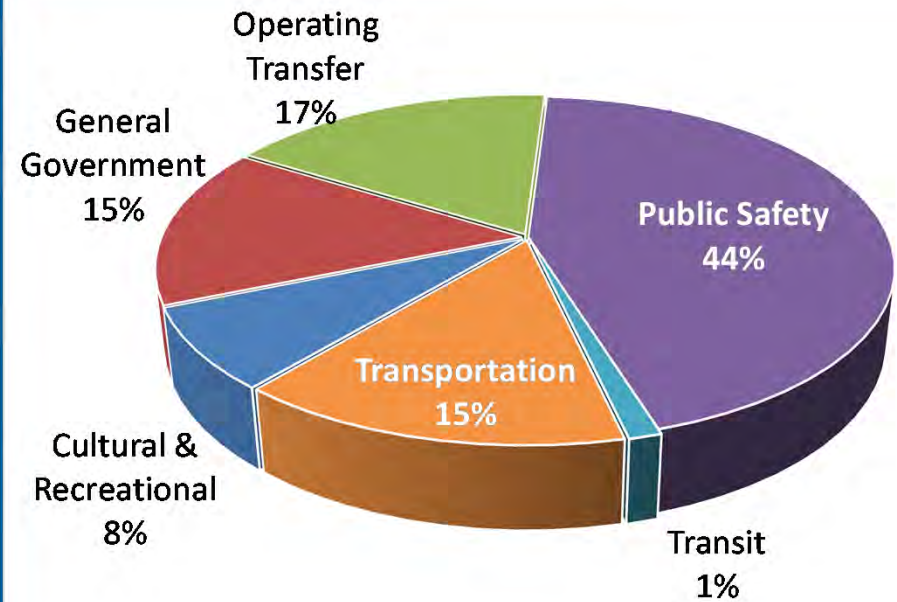
	Actual FY 2015-16	Adopted FY 2016-17	Proposed FY 2017-18	Estimated FY 2018-19	Estimated FY 2019-20	Estimated FY 2020-21
<b>REVENUES</b>						
Property Taxes	55,836,584	56,649,564	57,522,173	58,273,529	59,027,461	59,791,200
Sales Taxes	23,289,181	23,142,173	26,270,637	27,088,101	28,432,204	29,843,358
Licenses, Fees, and Permits	739,925	650,208	625,000	634,375	643,891	653,549
Intergovernmental Revenues	14,912,924	14,709,679	15,071,951	15,309,659	15,552,121	15,799,432
Charges for Current Services	2,588,489	2,396,604	2,448,238	2,369,558	2,388,041	2,406,986
Fines and Forfeitures	208,172	160,700	165,000	160,700	160,700	160,700
Interest Earnings	192,457	204,358	252,620	-	-	-
Miscellaneous & Financing Proceeds	602,734	388,553	388,553	398,478	398,478	398,478
Transfers From Other Funds	1,278,390	874,875	-	-	-	-
Appropriated Fund Balance	-	5,744,343	7,960,200	-	-	-
<b>TOTAL REVENUES</b>	<b>99,648,856</b>	<b>104,921,057</b>	<b>110,704,372</b>	<b>104,234,400</b>	<b>106,602,895</b>	<b>109,053,702</b>
<b>EXPENDITURES</b>						
TOTAL DEPARTMENTS	73,173,516	77,053,955	80,930,767	79,113,253	81,239,355	83,423,843
TOTAL NONDEPARTMENTAL	21,747,432	27,867,102	29,773,605	26,264,354	26,691,386	26,909,905
TOTAL CIP OPERATIONAL	-	-	-	333,660	955,733	1,006,095
<b>TOTAL EXPENDITURES</b>	<b>94,920,947</b>	<b>104,921,057</b>	<b>110,704,372</b>	<b>105,711,268</b>	<b>108,886,473</b>	<b>111,339,842</b>

# Funding Distributions



Where does the \$ come from?

What the \$ pays for?



# Revaluation Impacts: Calculation

- The revenue-neutral rate takes into account:
  - Rate that produces revenues equal to those produced for the current fiscal year
  - Expected rates of growth in the tax base
    - Based upon an average of increases or decreases to the assessed value since the last revaluation
  - Adjust the rate to account for any annexation, de-annexation, merger or similar events.

- **FY17 Tax Rate** = **\$0.4850**
- **FY18 Revenue Neutral Tax Rate**
  - **Less Growth** = **\$0.4464**
  - **Adjusted for Growth Rate (1.74%)** = **\$0.4542**
- **FY18 Tax Adjustment (\$0.0292)** = **\$0.4834**
- ***Net Tax Change*** = ***(\$0.016)***

## Tax Rate Summary

# Revaluation: Citizen Impact



FY17 Median House Value: \$220,000



FY18 Median House Value: \$239,008  
+8.6%

	Tax Rate	Annual Tax Levy	Monthly impact to homeowner
FY17	0.4850	\$1,067	\$88.91
FY18: Reevaluation Less collections	0.4464	\$1,067	\$88.91
FY18: Reevaluation+ Adjusted for Growth	0.4542 Net Neutral	<b>+18.57</b> \$1,085	<b>+1.55</b> \$90.46
FY18: Plus Proposed Tax Adjustments	0.4834	<b>+69.83</b> \$1,155	<b>+5.82</b> \$96.28
Total Change over FY17	<b>-.0016</b>	<b>\$88.40</b>	<b>\$7.37</b>



General Fund  
Unassigned  
Fund Balance

Year ended	FY2016:		\$ 45,067,045	
FY17 Appropriated	<ul style="list-style-type: none"> <li>▪ FY17 Adopted Budget \$ 5,744,343</li> <li>▪ Orange St. Building Repairs \$ 123,750</li> <li>▪ Defense roadway corridor MAPS \$ 50,000</li> <li>▪ Hurricane Matthew \$ 1,262,436</li> <li>▪ Land purchase \$ 2,012,625</li> <li>▪ City Hall Repairs \$ 536,638</li> </ul>			39.63%
<b>Existing Needs:</b>				
Mid-Year Adjustment	<ul style="list-style-type: none"> <li>▪ Building Demolition Downtown \$ 170,000</li> <li>▪ Supplement MPO \$ 50,000</li> <li>▪ Wells Fargo Golf Tournament \$ 65,000</li> </ul>		\$ (285,000)	31.86%
<b>Pending Approval</b>				
2nd CIP Requests	<ul style="list-style-type: none"> <li>▪ 800 MHZ Radio Replacement \$ 2,710,200</li> <li>▪ IT Core Systems Replacement \$ 4,500,000</li> <li>▪ Training Facility Contingency \$ 750,000</li> </ul>		\$ (7,960,200)	
			\$ 27,092,053	24.62%

# Budget Highlights

# Compensation & Health Insurance

- Compensation
  - 3% budgeted for each position
    - 2% across the board adjustment
    - 1% adjusted for equity, performance & below market
- Health Insurance modest increase
  - First increase in 4 years
  - Minor changes include:
    - Increase co-pays, deductibles and out of pocket

# Safe Community/Youth Violence Reduction

- Prevention Efforts

- Expanded support of agencies who provide job skills and youth programming (GF: \$638,403; CDBG: \$150,000)

- Blue Ribbon Commission
    - Phoenix Hometown Hires
    - Dreams
    - Kids Making It Renovation
    - Cape Fear Public Utility

# Safe Community/Youth Violence Reduction

- Recreation Programming
  - Continuing youth programming
    - City operated/collaborative youth athletic programs (20)
    - Serving 1,351 youth participants
  - Continue to maintain and operate recreation facilities
    - Partner with First Tee at the Municipal Golf Course
    - Continue to outsource pool management allowing for extended hours and days
    - Two part-time seasonal Recreation Assistants at MLK (\$6,072)



# Safe Community/Youth Violence Reduction

- Police Support roles
  - 2 Property and Evidence Technicians (\$86,473)
  - Forensic Chemist Position, partially grant-funded (\$21,073)
  - Real Time Crime Center equipment and training (\$44,527)
- Partnership with Solid Waste, Code Enforcement and WPD
  - Continue with community outreach efforts and clean up debris in targeted neighborhoods (\$29,866)



# Safe Community/Youth Violence Reduction

- Fire Department Aid Car program
  - Reduce large apparatus response for EMS incident dispatch
  - FY17 - Fire HQ Pilot: 3 FTEs, vehicle, 6 months funding
  - FY18 - Fire Aid Car grant match: FEMA grant application potential to aid in funding 14 firefighters; Grant match, uniforms and gear to support Aid Car program (\$224,011)

# Infrastructure Maintenance

- 2<sup>nd</sup> 80/20 Debt Service CIP
  - Brick Street Rehabilitation (\$250 K)
  - Public Safety Training Facility (\$10.3 M)
  - Water/Chestnut Streets Upgrades (\$600 K)
- Parks Bond projects (\$38 M)
  - Northern Waterfront Park (\$20 M)
  - Soccer Complex (\$10 M)



# Infrastructure Maintenance

- Continued parks and building maintenance
  - Parks maintenance (\$243,250 via CIP)
  - Building maintenance (\$387,941 via CIP)
- Continued streets and sidewalks upgrade (\$2.4M via CIP)

# Infrastructure Maintenance

- Appropriated Fund Balance: \$7,960,200
  - 800 MHz Radios \$2,710,200
  - Core Financial System \$4,500,000
  - Police and Fire Training Facility contingency \$750,000
- Fund balance 24.62% of operating funds
- Financial Policy recommends 15-20%

# Infrastructure Maintenance

- Parks and alley maintenance
  - Addition of one Tree trimmer (\$47,927 via base shift)
  - City Park trash and recycling collection (\$27,552)
  - Solid Waste alleyway maintenance (\$20,000)

# Internal Support Services

- Internal Support funding
  - Administrative Technician in PDT (\$42,731)
  - GIS Analyst in the WMPO (\$69,778)
  - Fiscal Support Specialist in the Budget & Research Office (\$57,675)
  - Compensation Analyst in HR (\$97,142)
  - Professional Services for Network support in IT (\$70,000)
  - AP Forensic software (\$67,000 3 year contract)

# Affordable Housing

- Ad Hoc Committee establishment in FY16-17
- Committee's recommendations presented in April
- \$400,000 placeholder until City/County set priorities
- Anticipate continued funding programs:
  - Homeownership Opportunity Program
  - Minor Repairs up to \$10,000
  - Owner-occupied housing rehabilitation programs up to \$75,000

## Civic Development Partners

	FY16	FY17	FY18
<b>Economic Civic Partners</b>	<b>Actual</b>	<b>Adopted</b>	<b>Recommend</b>
<b><i>Economic Development</i></b>			
Wilmington Business Development	\$ 87,551	\$ 100,000	\$ 100,000
Wilmington Downtown, Inc.	\$ 66,325	\$ 86,000	\$ 86,000
Wilmington Regional Film Commission	\$ 119,500	\$ 121,890	\$ 121,890
<b><i>Cultural and Recreation</i></b>			
Entrepreneur Center	\$ 70,000	\$ 70,000	\$ 70,000
Cucalorus Film Foundation	\$ 12,000	\$ 22,000	\$ 22,000
Arts Council	\$ 25,000	\$ 25,000	\$ 25,000
Cameron Art Museum	\$ 10,000	\$ 10,000	\$ 10,000
Wilmington Jewish Film Festival	\$ -	\$ 2,000	\$ 2,000
Children's Museum of Wilmington	\$ 10,000	\$ 10,000	\$ 10,000
<b>Total Economic Civic Partner Agencies</b>	<b>\$ 400,376</b>	<b>\$ 446,890</b>	<b>\$ 446,890</b>

# Enterprise

- Stormwater Fund:
  - Requested rate increase of 5.9%
    - Rate of \$7.66 to \$8.11 per ERU
- Solid Waste Fund:
  - Refuse tipping fees decreased \$2/ton from FY17 (\$52/ton to \$50/ton)
  - Recycling tipping fees decreased from \$30/ton to approx. \$7.50/ton
- Parking Fund:
  - \$438,150 in CIP
    - Upgraded LED lighting (\$138,150)
    - Smart IPS meters (\$300,000)

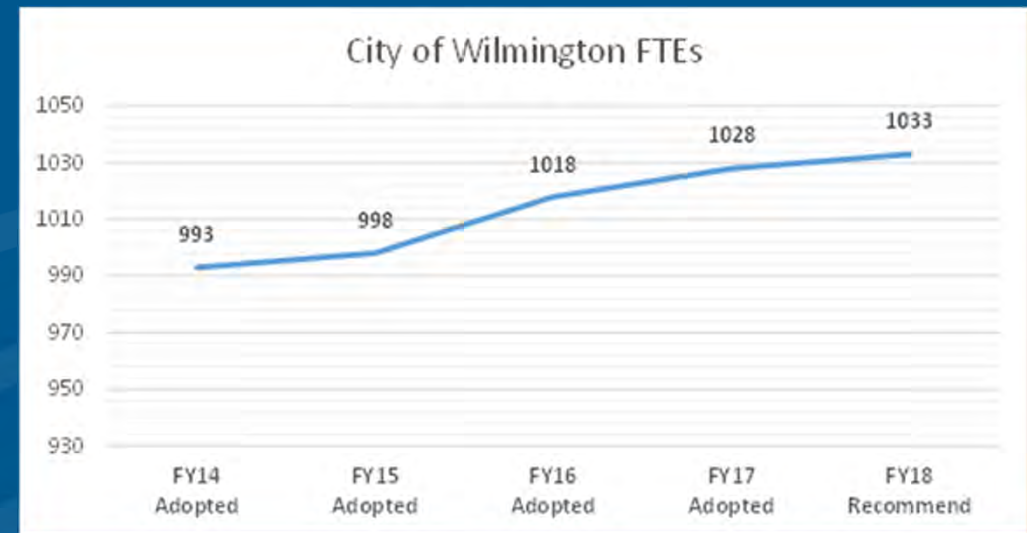
# Total Budget Summary

- **Total net budget = \$217.4 M**
  - General Fund & Enterprise:
    - General Fund = \$110.7 million
    - Parking = \$3.8 million
    - Solid Waste = \$9.2 million
    - Stormwater = \$15.3 million
    - Golf Course = \$1.4 million



# Position Summary

- **Positions: 1033 FTEs**
  - General Fund = 854 (+7)
  - Solid Waste = 75
  - Stormwater = 60
  - Parking = 2
  - MPO = 11 (+1)
  - Golf/Fleet/Loan Programs = 31



# Budget Document Locations

- Available for viewing at:
  - City of Wilmington’s Web-site
  - City Manager’s Office
  - City Clerk’s Office
  - New Hanover Public Library
  - Highlights on GTV-8

## Next Steps

- Public Hearing: May 16
- City Council Worksession: May 26
- Public Adoption: June 6 & 20